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Scrap Tire Market Overview

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RMA Scrap Tire Activities

- Began in 1990
- Scrap Tire Management Council = RMA
- Sponsored by all RMA tire manufacturers
- Work with governments, scrap tire users, NGO’s, general public to accomplish mission

RMA Tire Company Members

BRIDGESTONE AMERICAS

GOODYEAR

Continental

MICHELIN

North America

COOPER TIRES

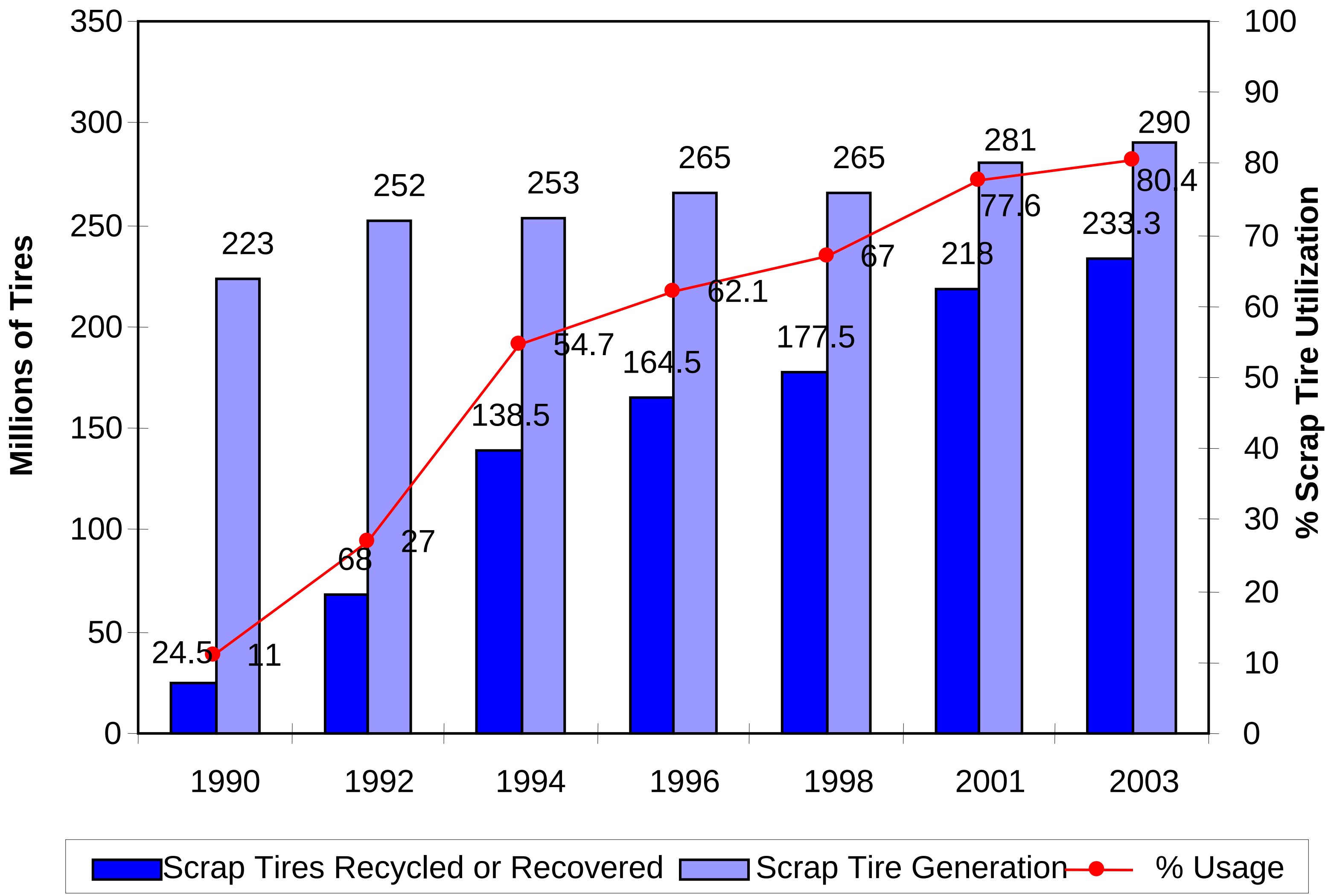
PIRELLI

YOKOHAMA

US Scrap Tire Overview

- Increased annual generation of tires
- Number of tires going to markets have increased steadily over time
- Markets vary from region to region
- There is no “1” market that can use all the scrap tires we generate
- Need to sustain market development

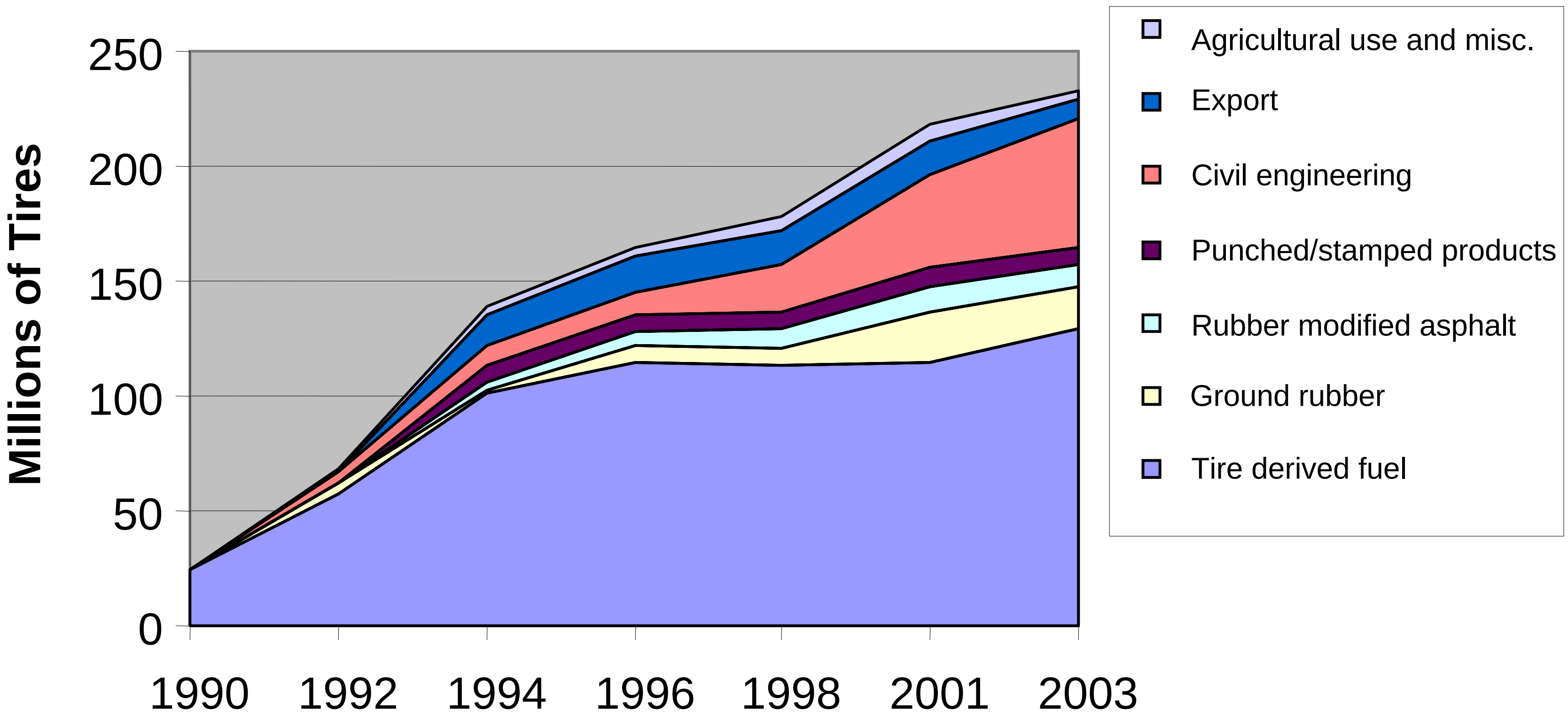
U.S. Scrap Tire Markets 1990 - 2003



Scrap Tire Markets

2003		2005 (all estimates)	
TDF:	130 Million	TDF:	145 Million
CE:	56 Million	CE:	60 Million
GR:	28 Million	GR:	32 Million
EAFs:	1 Million	EAFs:	2 Million
Export:	9 Million	Export:	9 Million
Ag/Misc:	10 Million	Ag/Misc:	10 Million
233/290 = 80%		258/300 = 86%	

U.S. Scrap Tire Market Distribution Trends



China: An Impact on the Market?

- Most tire manufacturers building production capacity for export
- Several U.S. scrap tire-derived product manufacturers moved/moving there
- Ground rubber production operations reportedly constructed/being built
- Apparent demand for scrap tires
- Could become an exporter of GR

EPA Resource Conservation Challenge

- Effort by EPA to create interactive public/private partnership
- Program has undergone changes
- Scrap tires still a focus; working group
- 6 subcommittees (goals/stockpiles; TDF; ground rubber; RAC; Border; industry issues)

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EPA Resource Conservation Challenge

- Goal: 85% to market by 2008
- Subgroups identified obstacles to market expansion
- Each subgroup working on solution scenario to overcome obstacles
- Last, best chance to address "institutional" obstacles

California Scrap Tire Situation

- Generates 41 million scrap tires/year
- Largest state scrap tire budget
- 1/4 of tires are landfilled: impact tip fees
- Lost major GR product manufacturer
- Very limited rubber industry presence
- 2001 – 2005 limited RAC applications

California Scrap Tire Situation

- Non-TDF markets have stagnated
- Once had 7 major GR producers
- 3 GR producers closed/limited capacity
- 25% of scrap tires go to TDF
- Limited use of tires in civil engineering
- Opportunities do exist to expand markets

What Does CA Need To Do?

- Focus on existing ground rubber markets (playgrounds; turf; RAC; products)
- Provide technical assistance to end current & potential end users and consumers
- Work w/industry to overcome institutional obstacles

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What Does CA Need To Do?

- Leverage resources: Combine scrap tire activities with RMDZs & consider copolymer blending

- Develop a long-term market development strategy that will supports current programs

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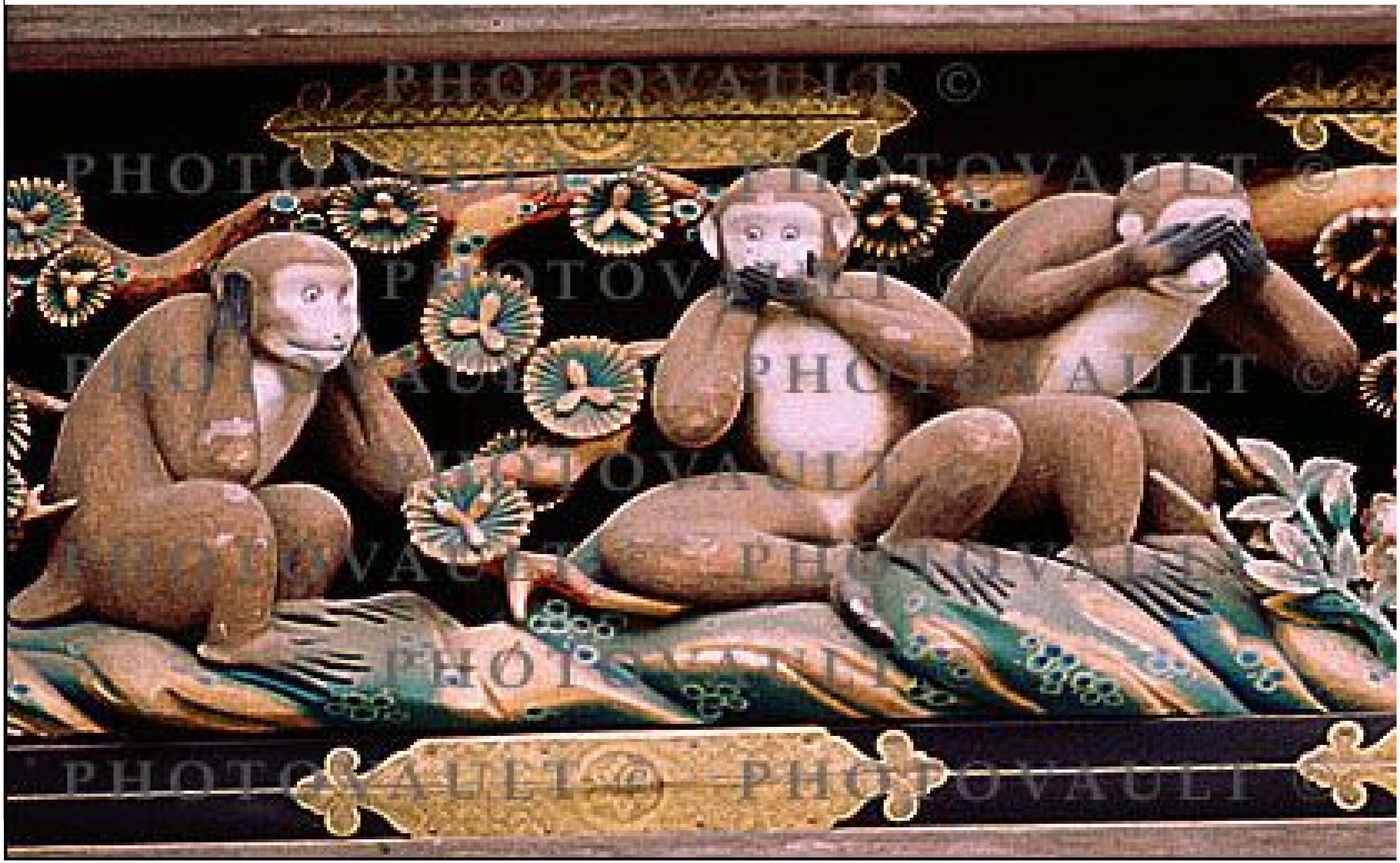
What Does Not Work

- Subsidies
- Increasing production capacity (w/o increasing demand)
- Reliance on single market
- Mandates
- Bans on any market

California & TDF



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CA & Tire Derived Fuel

- 6 facilities use TDF: Major market
- TDF is the foundation upon which scrap tire infrastructure is based: Few markets can exist w/o TDF
- Passes environmental muster (reduces NOx) & provides economic benefit
- Current law disallows studies if they include TDF: Difficult to make policy decisions w/o realistic understanding of the marketplace

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Final Comments

- Market diversification is key to successful scrap tire program
- Spend resources on increasing demand & removing technical obstacles
- Allow market to do what it does best
- TDF is part of all successful state programs

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